J00H01

Maryland Transit Administration

Maryland Department of Transportation

Operating Budget Data

($ in Thousands)

	FY 12 Actual	FY 13 Working	FY 14 Allowance	FY 13-14 Change	% Change Prior Year
Special Fund	$584,364	$606,670	$621,450	$14,780	2.4%
Contingent & Back of Bill Reductions	0	0	-115	-115	
Adjusted Special Fund	**$584,364**	**$606,670**	**$621,335**	**$14,665**	**2.4%**
Federal Fund	62,431	56,817	56,735	-82	-0.1%
Adjusted Federal Fund	**$62,431**	**$56,817**	**$56,735**	**-$82**	**-0.1%**
Adjusted Grand Total	**$646,795**	**$663,486**	**$678,070**	**$14,583**	**2.2%**

- The fiscal 2014 allowance increases $14.6 million, or 2.2%, compared to the fiscal 2013 allowance.

- The largest increase in the fiscal 2014 allowance is for commuter bus service due to a change in how the revenue is collected from the vendor which totals $10.1 million. The largest decrease in the allowance is from savings for the Maryland Area Regional Commuter (MARC) third party contract totaling $17.0 million.

- Other large increases in the allowance are for oil-related purchases due to the increase in price and not having the benefit of CSX purchasing diesel fuel.

- The fiscal 2014 allowance may be underfunded for several large contracts. Specifically, there is no increase for the Mobility contract, the Amtrak contract for MARC, or union wages. In addition, the allowance assumes a large decrease in the overall MARC contract.

Note: Numbers may not sum to total due to rounding.

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PAYGO Capital Budget Data

($ in Thousands)

	Fiscal 2012	Fiscal 2013		Fiscal 2014
	Actual	Legislative	Working	Allowance
Special	$179,076	$220,971	$243,350	$216,280
Federal	$201,614	$225,312	$208,545	$322,018
Total	**$380,690**	**$446,283**	**$451,895**	**$538,298**

- The fiscal 2013 working appropriation increases $5.6 million due to cash flow changes in a number of projects.

- The fiscal 2014 allowance increases $86.4 million compared to the fiscal 2013 working appropriation. Special fund spending declines $27.1 million due to changes in the level of funding for the New Starts projects. Federal funds increase $113.5 million due to a discretionary grant for the Kirk Bus division project, and federal aid increases for other projects. There are also cash flow changes in federal aid projects.

Operating and PAYGO Personnel Data

	FY 12 Actual	FY 13 Working	FY 14 Allowance	FY 13-14 Change
Regular Operating Budget Positions	2,994.50	2,989.50	2,989.50	0.00
Regular PAYGO Budget Positions	99.00	98.00	98.00	0.00
Total Regular Positions	**3,093.50**	**3,087.50**	**3,087.50**	**0.00**
Operating Budget FTEs	15.00	16.00	16.00	0.00
PAYGO Budget FTEs	1.00	0.00	0.00	0.00
Total FTEs	**16.00**	**16.00**	**16.00**	**0.00**
Total Personnel	**3,109.50**	**3,103.50**	**3,103.50**	**0.00**
Vacancy Data: Regular Positions				
Turnover and Necessary Vacancies, Excluding New Positions		106.83	3.46%	
Positions and Percentage Vacant as of 12/31/12		137.00	4.44%	

- The fiscal 2014 personnel complement does not change compared to the fiscal 2013 working appropriation.

- Turnover is budgeted at 3.46% in fiscal 2014 requiring 106.83 vacant positions. As of December 2012, the Maryland Transit Administration (MTA) had 137 vacant positions for a vacancy rate of 4.44%.

- Due to audit findings relating to inventory oversight, 12 positions were moved from Bus Operations to Administration to staff storerooms during the hours that repair shops are operational.

Analysis in Brief

Major Trends

Boardings Increase in Fiscal 2012: Overall ridership increased by 2% in fiscal 2012. In fiscal 2013 and 2014, ridership is expected to grow 3%. Core bus, the largest service provided, is expected to grow 3% in fiscal 2013 and 2014. Paratransit Mobility grew 15% in fiscal 2012 and is expected to grow 12% in fiscal 2013 and 2014, but TaxiAccess is not expected to have any growth. **The Department of Legislative Services (DLS) recommends that MTA discuss why ridership is flat for the TaxiAccess service and if it envisions a point in time where Mobility ridership growth levels off.**

On-time Performance: On-time performance for core bus worsened in fiscal 2012, and by fiscal 2014, 21% of all core bus trips are expected to be late. This is particularly concerning since core bus is by far the largest transit service provided by MTA. **DLS recommends that MTA discuss what steps can be taken to improve on-time performance of core bus and why it has steadily declined.**

Farebox Recovery: Statute requires MTA to recover 35% of its eligible expenditures through the fares it collects for core Baltimore Area services. In fiscal 2012, the farebox recovery rate was 28%, and it is projected to be 29% in fiscal 2013 and 2014. As has been the case for several years, expenditure growth outpaces revenue growth. Compared to other transit systems, MTA's bus service is in the middle for farebox recovery while light rail and Metro are at the low end of transit systems. **DLS recommends that MTA discuss whether or not it expects the Red and Purple lines to have a higher farebox recovery rate than the peer average and the existing Baltimore light rail service. If it is expected to be higher, MTA should explain why.**

Performance Goals: From fiscal 2012 to 2014, it is expected that expenditures will grow faster than ridership so that the measures will worsen, or service will become more expensive to provide. The exception to this is that Metro expenditure measures decline in fiscal 2012, only to increase in fiscal 2013 and 2014.

Issues

Recent Action on Fare Policy: MTA is once again projected to fall short of the statutory farebox recovery requirement of 35%. During the 2012 session, the budget conference adopted a provision in the Budget Reconciliation and Financing Act (BRFA) of 2012 that would have required MTA fares to be increased every three years based upon the change in inflation to the nearest dime. That legislation failed and when it was reintroduced in the First Special Session of 2012, that provision was not included. **DLS recommends that a provision be added to HB 102/SB 127 (the BRFA of 2013) that would index MTA fares to the rate of inflation every three years to the nearest dime. In addition, DLS recommends that MTA discuss what impact this fare policy may have on ridership and if the estimates provided account for this.**

Alternative Financing and Construction Plans for the Transit Lines: The Maryland Department of Transportation and MTA have developed four alternative financing plans that would stagger the construction of the transit lines. To accomplish this financing plan, the State would need to contribute $275 million annually for 10 years. **DLS recommends that MTA discuss several issues relating to the alternative financing and construction plans for the transit lines.**

Change in MARC Operations: After several years of trying, MTA completed the procurement of the third party contract for MARC service in fall 2012. Bombardier was selected as the winning bidder with the contract having a term of five years and eight months and a value of $205 million. Bombardier will be responsible for both operating the MARC service as well as maintaining the locomotives and rail cars for the service. MTA will still be required to pay an access fee to CSX for the right to use the rail lines. **DLS recommends that MTA discuss with the budget committees what differences customers may or may not notice with the transition. MTA should also further discuss the cost and opportunity to purchase property for a storage and maintenance facility.**

Operating Budget Recommended Actions

		Funds
1.	Add budget bill language restricting funding for 2 New Starts Executive Project Director positions.	
2.	Reduce office assistance.	$ 215,786
3.	Reduce additional assistance.	2,946,533
4.	Reduce education and training contracts.	309,000
5.	Reduce management studies and consultants.	210,000
	Total Reductions	**$ 3,681,319**

PAYGO Budget Recommended Actions

1. Concur with Governor's allowance.

Updates

Alternative Financing Options for the Transit Lines: The 2012 *Joint Chairmen's Report* requested that MTA discuss alternative financing options for the transit lines. The options discussed in the report were similar to those included in a DLS report prepared over the interim. Options included a public-private partnership, a Transportation Infrastructure Finance and Innovation Act loan, value capture, regional authorities, and local option taxes.

Maryland Transit Administration

Maryland Department of Transportation

Budget Analysis

Program Description

The Maryland Department of Transportation (MDOT) supports transit in Maryland through the Maryland Transit Administration (MTA). MTA consists of the following operating budget programs:

- **Transit Administration** provides executive direction and support services for MTA.

- **Bus Operations** manages bus services in Baltimore City and surrounding counties. These services include the operation of fixed route and paratransit lines and contracts with commuter and paratransit service providers.

- **Rail Operations** includes the Baltimore Metro heavy rail line and the Baltimore area light rail line as well as the management of the Maryland Area Regional Commuter (MARC) contracts with Amtrak and Bombardier.

- **Statewide Operations** provides technical assistance and operating grants to local jurisdictions' transit services, including Montgomery County's "Ride-On" and Prince George's County's "the Bus" services. Additionally, the program contracts with private carriers to operate commuter bus services throughout the State. Assistance is also provided to several short-line freight railroads to support the maintenance of State-owned rail lines.

MTA has identified the following goals:

- to provide outstanding service;

- to encourage transit ridership in Maryland;

- to use MTA resources efficiently and effectively and be accountable to the public, customers, and employees, with performance measured against prior years and transit industry peers; and

- to provide a safe, crime free environment for customers and employees.

Performance Analysis: Managing for Results

1. Boardings Increase in Fiscal 2012

Exhibit 1 provides detail on the percent change in growth in boardings for services provided by MTA. Overall, MTA ridership experienced relatively high rates of growth in fiscal 2008 and 2009. Growth reached 5.2% in fiscal 2008 as gas prices spiked and remained relatively high in fiscal 2009 at 4.0% even with the impact of the recession. Ridership declined in fiscal 2010 by 1.0% largely due to multiple snow events and higher growth rates in fiscal 2009. In fiscal 2011, ridership increased by 5.0% as there was the bounce back from the prior year's winter events and overall ridership growth. Growth moderated in fiscal 2012 to 2.0%. In fiscal 2013 and 2014, MTA is estimating that ridership will continue to grow at a rate of 3.0%, largely due to growth in core bus ridership. MTA indicates ridership growth is in line with expected population growth and historical trends; however, there are several noteworthy ridership trends:

Exhibit 1
Percent Change in MTA Boardings
Fiscal 2008-2014

	2008	2009	2010	2011	2012	Est. 2013	Est. 2014
Bus	4.0%	5.0%	-1.0%	5.0%	1.0%	3.0%	3.0%
Metro	6.0%	-3.0%	-1.0%	9.0%	5.0%	3.0%	3.0%
Light Rail	12.0%	9.0%	-6.0%	6.0%	-1.0%	4.0%	4.0%
Paratransit	35.0%	12.0%	11.0%	12.0%	15.0%	12.0%	12.0%
TaxiAccess	10.0%	-12.0%	-22.0%	12.0%	12.0%	0.0%	0.0%
MARC	5.0%	2.0%	0.0%	2.0%	3.0%	1.0%	1.0%
Contracted Commuter Bus	10.0%	7.0%	-3.0%	6.0%	5.0%	4.0%	4.0%
Total	**5.2%**	**4.0%**	**-1.0%**	**5.0%**	**2.0%**	**3.0%**	**3.0%**

MARC: Maryland Area Regional Commuter
MTA: Maryland Transit Administration

Source: Maryland Transit Administration

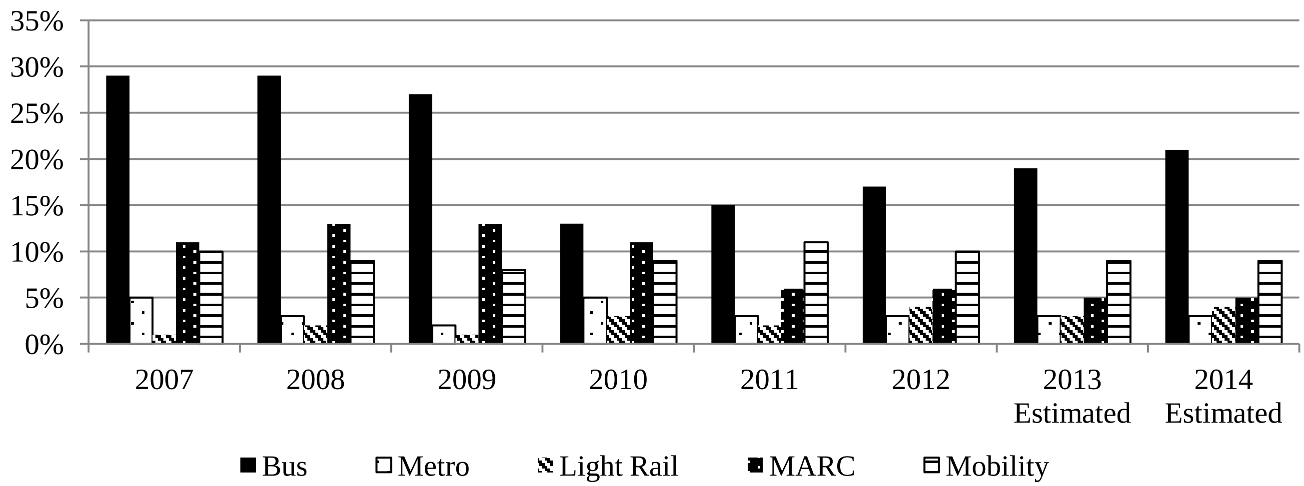
- ***Paratransit Services:*** MTA projected that paratransit ridership growth would begin to moderate in fiscal 2012 at around 4%, but actual growth was 15% for paratransit and 12% for TaxiAccess. In fiscal 2013 and 2014, paratransit service is expected to continue to have double digit growth, while TaxiAccess is expected to have no growth. MTA's Managing for Results (MFR) submission indicates that the number of certified paratransit users increased approximately 21% in fiscal 2012 and is expected to increase 20% in fiscal 2013 and 17% in fiscal 2014. The growth in the paratransit service is partially attributable to the baby boomer population aging and needing to utilize the service. Given that paratransit service is one of the more costly services provided by MTA, the projected increases in ridership have implications for the operating budget. **The Department of Legislative Services (DLS) recommends that MTA discuss why ridership is estimated to be flat for the TaxiAccess service and if it envisions a point in time when Mobility ridership growth levels off.**

- ***Core Bus Service:*** Core bus ridership grew by only 1% in fiscal 2012. MTA is projecting that ridership growth will be 3% in fiscal 2013 and 2014.

2. On-time Performance

MTA seeks to provide high on-time performance for all of its services. **Exhibit 2** provides data on the percentage of service not provided on-time for bus, Metro, light rail, and MARC. Overall, the level of on-time performance remained at roughly the prior year levels except for core bus and light rail which worsened. In fiscal 2011, 15% of core bus trips were late, and in fiscal 2014, that number is expected to increase to 21%. This is particularly troubling since core bus is by far the largest transit service provided by MTA; the number of late trips impacts a significant number of customers. **DLS recommends that MTA discuss what steps can be taken to improve on-time performance of core bus service and why it is expected to steadily decline.**

Exhibit 2
Trips Not On-time
Fiscal 2007-2014



MARC: Maryland Area Regional Commuter

Source: Maryland Transit Administration

3. Farebox Recovery

Section 7-208 of the Transportation Article sets the statutory farebox recovery rate at 35% for Baltimore area core services and MARC service. **Exhibit 3** shows the farebox recovery by mode of transit and Baltimore core services. Baltimore area core services last had a farebox recovery rate of 35% in fiscal 2004. MARC farebox recovery has stabilized around 55% in recent years, well above the 35% threshold.

Exhibit 3
Farebox Recovery Rate
Fiscal 2008-2014

	2008	2009	2010	2011	2012	2013 Est.	2014 Est.
Baltimore Area Services	**29%**	**31%**	**28%**	**28%**	**28%**	**29%**	**29%**
Core Bus	31%	34%	31%	29%	29%	28%	27%
Metro	28%	27%	25%	25%	28%	29%	27%
Light Rail	18%	19%	17%	17%	16%	17%	17%
MARC	53%	44%	48%	55%	58%	56%	55%
Washington Commuter Bus	33%	34 %	33%	33%	28%	25%	21%

MARC: Maryland Area Regional Commuter

Source: Maryland Transit Administration

The farebox recovery rate for Baltimore services stayed at 28% in fiscal 2012 despite the increase in ridership. The pace at which expenditures increased largely matched revenue growth from ridership increases meaning that farebox recovery was unchanged. Expenditure growth was largely driven by union personnel increases in fiscal 2012. It is estimated that the farebox recovery rate will reach 29% in fiscal 2013 due to ridership growth and stay there in fiscal 2014. It should be noted that the farebox recovery rate may be overstated due to underfunding in the 2014 allowance as discussed later. While the recovery rate improves in fiscal 2013 and 2014, MTA continues to fall short of the statutory requirement regarding farebox recovery.

Exhibit 4 compares MTA's farebox recovery for fiscal 2012 to other peer jurisdictions according to the National Transit Database, as required under Section 7-208. The National Transit Database includes different transit administrative costs than MTA uses for its performance measure, which reduces the farebox recovery rate compared to the MFR measure. The data shows that Baltimore core bus service had the fifth lowest rate of recovery and is close to the peer average. The recovery rate for light rail and Metro did not compare as favorably; however, light rail and Metro are individual lines and not part of an integrated system. Light rail had the third highest farebox recovery level of any system at 16.6% while Metro had the second lowest at 20.2%. **DLS recommends that MTA discuss whether or not it expects the Red and Purple lines to have a higher farebox recovery rate than the peer average and the existing Baltimore light rail service. If it is expected to be higher, MTA should explain why.**

Exhibit 4
Comparison of Farebox Recovery Rates by Mode
Fiscal 2012

	Bus	Light Rail	Heavy Rail	Commuter Rail
Seattle	26.7%	n/a	16.8%	n/a
Pittsburg	26.0%	18.0%	n/a	n/a
Washington	24.8%	n/a	67.7%	n/a
Atlanta	22.5%	n/a	35.8%	n/a
Peer Average	**21.6%**	**16.6%**	**59.9%**	**59.3%**
Baltimore	**20.1%**	**16.6%**	**20.2%**	**49.0%**
Utah	19.4%	36.3%	n/a	12.1%
Houston	18.6%	15.3%	n/a	n/a
San Jose	14.0%	15.7%	n/a	n/a
Dallas	13.1%	12.0%	n/a	29.5%

Source: National Transit Database; Maryland Transit Administration

4. Performance Goals

Section 7-208 also requires MTA to develop performance goals for passenger trips per revenue vehicle mile, operating expenses per passenger trip, and operating expenses per revenue vehicle mile by transit mode. **Exhibit 5** shows the actual figures for fiscal 2011 and 2012, and the goal for fiscal 2013 and 2014.

Exhibit 5
Performance Goals
Fiscal 2011-2014

	2011	2012	2013 Est.	2014 Est.
Core Bus				
Passengers Per Revenue Mile	3.6	3.9	4.0	4.2
Operating Expenses Per Passenger Trip	$4.01	$4.05	$4.15	$4.25
Operating Expenses Per Revenue Vehicle Mile	$14.23	$15.65	$15.75	$15.75
Light Rail				
Passengers Per Revenue Mile	3.0	2.8	3.1	3.1
Operating Expenses Per Passenger Trip	$4.48	$4.93	$5.00	$5.15
Operating Expenses Per Revenue Vehicle Mile	$12.37	$14.00	$14.00	$14.00
Metro				
Passengers Per Revenue Mile	4.0	3.3	3.3	3.3
Operating Expenses Per Passenger Trip	$4.02	$3.52	$3.71	$3.85
Operating Expenses Per Revenue Vehicle Mile	$11.95	$11.58	$11.75	$11.75

Source: Maryland Transit Administration

From fiscal 2012 to 2014, it is expected that expenditures will grow faster than ridership so that the measures will worsen, or service will become more expensive to provide. The exception to this is that Metro expenditure measures decline in fiscal 2012, only to increase in fiscal 2013 and 2014. **DLS recommends that MTA discuss why the passenger per revenue mile measures do not match the ridership projection data.**

Proposed Budget

As shown in **Exhibit 6**, the fiscal 2014 allowance increases $14.6 million, or 2.2%, compared to the fiscal 2013 working appropriation. There are several reasons for this increase which are discussed below.

Personnel

Personnel-related expenditures increase $2.4 million. The largest personnel-related expenditures are for the workers' compensation premium assessment which increases $3.2 million and additional assistance which increases $2.9 million. Health insurance expenditures for regular employees increase $0.3 million, which includes a $0.1 million across-the-board reduction and $1.0 million for current and retired union employees. **DLS recommends that MTA discuss what it can do to drive down the cost of workers' compensation claims moving forward.**

Exhibit 6
Proposed Budget
MDOT – Maryland Transit Administration
($ in Thousands)

How Much It Grows:	Special Fund	Federal Fund	Total
2013 Working Appropriation	$606,670	$56,817	$663,486
2014 Allowance	621,450	56,735	678,184
Amount Change	$14,780	-$82	$14,698
Percent Change	2.4%	-0.1%	2.2%
Contingent Reductions	-$115	$0	-$115
Adjusted Change	$14,665	-$82	$14,583
Adjusted Percent Change	2.4%	-0.1%	2.2%

Where It Goes:

Personnel Expenses	
Annualized general salary increase	$1,975
Increments and other compensation	-3,076
Employee and retiree health insurance net of the back of bill reduction	325
Union and retiree health insurance	1,025
Additional assistance	2,947
Workers' compensation premium assessment	3,233
Overtime	-638
Turnover adjustments	-2,400
Employee pension payments	697
MTA police pension payments	-1,728
Other fringe benefit adjustments	-9
Administration	
Various contractual services	445
Printing and reproduction costs due to transition in vendors	352
Systems maintenance due to change in accounting for expenditures	-700
Advertising and legal publications due to one-time federal grant in fiscal 2013	-687

Where It Goes:	
Bus Operations	
Gas and oil based upon price increases	5,105
Tires based upon fiscal 2012 actual expenditures	1,020
Electricity based upon DBM instructions	1,000
Commuter bus service increases while the paratransit Mobility service is relatively flat despite projected ridership increases	662
Education and training contracts based upon actual spending and to meet demand for training on new technologies	618
Management studies based upon actual spending to identify cost effective strategies and improve customer satisfaction	420
Equipment repairs and maintenance based upon actual expenditures	407
Software maintenance based upon actuals since fiscal 2013 has no funding	359
Motor vehicle maintenance and repair based upon actuals	327
Other supplies and materials based upon actuals	-700
Rail Operations	
Diesel fuel increases since MTA must now purchase fuel instead of CSX	5,544
Electricity based upon DBM instructions	2,085
Maintenance and repair on farebox machines and vehicles	1,343
Software maintenance based upon actuals since fiscal 2013 has no funding	1,079
Rent and debt service payments	404
CSX third party contract savings	-17,026
Statewide Operations	
Commuter bus increase due to change in how revenue is collected	10,105
Other	70
Total	**$14,583**

DBM: Department of Budget and Management
MDOT: Maryland Department of Transportation
MTA: Maryland Transit Administration

Note: Numbers may not sum to total due to rounding.

MTA has not included any increases for union salaries because it is in negotiations with each of the unions. MTA indicates that it may enter into interest arbitration with its largest union. This is the second consecutive time that MTA may have to enter into arbitration with this union. The last time MTA went into arbitration, union employees received a salary increase greater than State employees and a pension enhancement. The total cost of the salary increase was $19.3 million from fiscal 2010 to 2012, while the pension enhancement cost $15.9 million for the same time period.

MTA indicates that the issues being discussed include salary, annual pension cap to apply to the retirement earnings formula, starting employee pension contributions, retiree benefits for survivors, leave allowances, and work rules. **DLS recommends that MTA discuss the potential costs to the State of the issues being discussed and when a decision may be reached.**

Administration

The program of Administration is largely personnel driven. The major cost increases are for a variety of contractual services and printing costs due to changes made at the Washington Metropolitan Area Transit Authority for ticket collection. The decreases relate to changes in systems software maintenance due to an accounting change and advertising due to a federal grant expiring.

Bus Operations

The largest increase in the Bus Operations program is for fuel-related expenditures due to a higher assumed price for diesel fuel. Other large increases are for tires, education and training contracts, management studies, and equipment repairs and maintenance, all based upon actual expenditures. In some cases, the amount of fiscal 2013 funding for these items was $0 which would seem to indicate the fiscal 2013 working appropriation may be underfunded.

In addition, one of the larger budget increases in the past has been for paratransit Mobility service. In the allowance, there is a marginal increase for this service. MTA indicates that the allowance was developed before the new contract was awarded. The new contract is structured to reimburse the vendor based upon revenue hours (when service is provided) as opposed to all hours. While the rate has been increased to reflect this change, it is hoped that there will be savings from the change in billing. With ridership for paratransit Mobility expected to have double digit growth, one would expect the contract for this service would also increase; however, the fiscal 2014 allowance for the contract is approximately $3 million less than fiscal 2012 actual expenditures. **DLS recommends that MTA discuss if the proposed funding level in fiscal 2014 for paratransit Mobility is sufficient given the projected ridership increases.**

Rail Operations

Diesel fuel increases by $5.5 million in the fiscal 2014 allowance due to price increases and because MTA must now purchase diesel for the MARC service. Previously, CSX purchased the fuel for the service and was able to achieve a discount in price due to the volume of diesel it purchased for its operations. That discount is no longer available to MTA since CSX is no longer the operator.

In fiscal 2014, spending for the MARC contract decreases $17.0 million. MTA indicates that there is a higher payment in fiscal 2013 due to the changeover in operators. It will bear watching if the savings projected are as great as the allowance shows. In addition, the Amtrak contract amount is flat between fiscal 2013 and 2014. For perspective, the Amtrak contract is expected to increase $19.8 million from fiscal 2012 to 2013. This is not to say that the increase in the allowance should be equal to this, but that an increase in the Amtrak contract may be in order.

Statewide Operations

The allowance includes a $10.1 million increase for commuter bus service. This increase is due to an accounting change for how revenue is collected. Instead of the vendor collecting the revenue and then remitting to MTA the revenue after its expenditures have been covered, MTA now collects all the revenue and pays the vendor the entire amount owed.

Areas of Underfunding in the Allowance

In looking at the MTA budget in total, it increases $14.6 million, or 2.2%, in fiscal 2014. This increase in spending reflects a $17.0 million decrease in spending due to the change in the MARC contract. DLS has indicated that there are several contracts that are underbudgeted that in total may more than offset the $17.0 million decrease that is projected in the MARC contract. To the extent MTA's spending is greater than the allowance that reduces cash available for the capital program. This also means that the farebox recovery rate would decline. Furthermore, it does not provide the budget committees an accurate portrayal of agency spending. **DLS recommends that MTA discuss the sufficiency of the fiscal 2014 allowance and what contingencies it has in place if spending is greater than anticipated.**

PAYGO Capital Program

Program Description

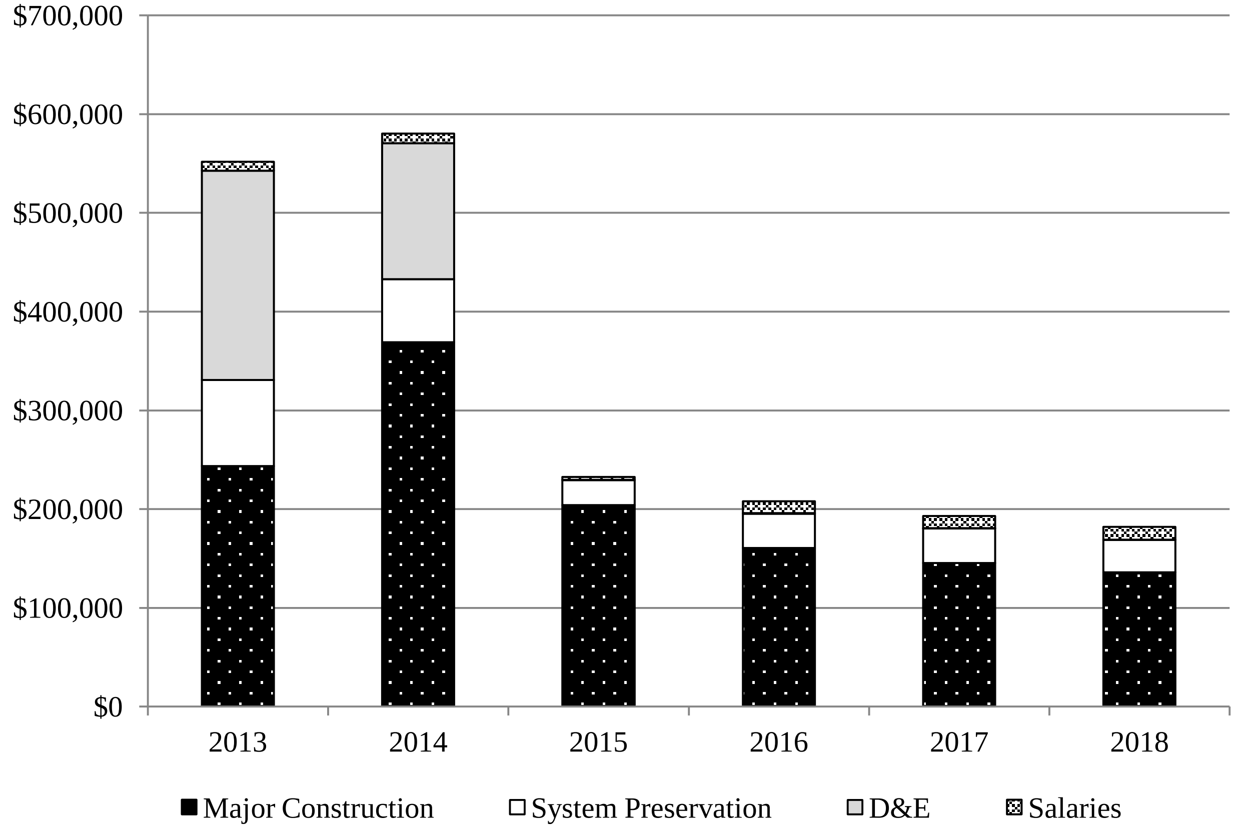
MTA's capital program provides funds to support the design, construction, rehabilitation, and acquisition of facilities and equipment for the bus, rail, and statewide programs. The program also provides State and federal grants to local jurisdictions and nonprofit organizations to support the purchase of transit vehicles and the construction of transit facilities.

Fiscal 2013 to 2018 *Consolidated Transportation Program*

Capital spending from fiscal 2013 to 2018 for MTA totals $1,827.7 million (including other funding); however, 55.4% of the total spending occurs in fiscal 2013 and 2014. This is due to spending for the New Start projects occurring in fiscal 2013 and 2014 and then several projects having peak cash flow or coming to an end in fiscal 2014. These projects include the MARC maintenance, layover, and storage facility; MARC coaches overhaul; Kirk Bus facility replacement; and the Southern Maryland Commuter Bus initiative.

Exhibit 7 shows the capital program for all funds from fiscal 2013 to 2018. As shown, there is a large drop off in funding after fiscal 2014. Special funds are less than $100 million after fiscal 2015, and federal funds decrease from $153 million in fiscal 2015 to $91 million in fiscal 2018. Also of note is that most of the capital program is for major projects; however, the projects that make up major projects include bus procurement, light rail vehicle overhauls, locally operated transit system capital procurements, and MARC improvements. These projects could also be considered system preservation related projects. **DLS recommends that MTA discuss what the future holds for MTA's capital program funding for the existing system and its needs.**

Exhibit 7
Capital Funding by Fiscal Year
Fiscal 2013-2018
($ in Thousands)

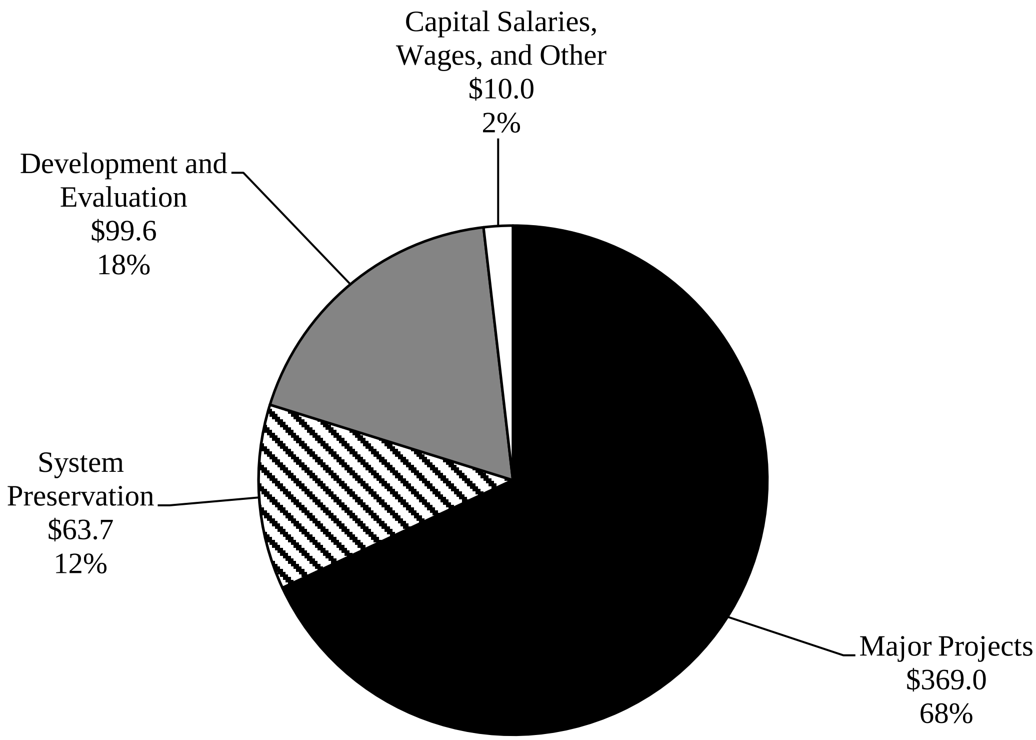


D&E: development and evaluation

Source: Maryland Department of Transportation

The fiscal 2014 pay-as-you-go allowance totals $538.3 million, an increase of $86.4 million compared to the fiscal 2013 working appropriation. There is also $4.0 million in non-State source funding in fiscal 2014. This funding is from local jurisdictions to support several State projects. As shown in **Exhibit 8**, funding for major projects totals $369.0 million, or 68% of spending in fiscal 2014. The next largest category is the development and evaluation program at $99.6 million, or 18%. Most of the funding in the development and evaluation program is for the transit lines.

Exhibit 8
Major Funding by Category
Fiscal 2014
($ in Millions)



Source: Maryland Department of Transportation, 2013-2018 *Consolidated Transportation Program*

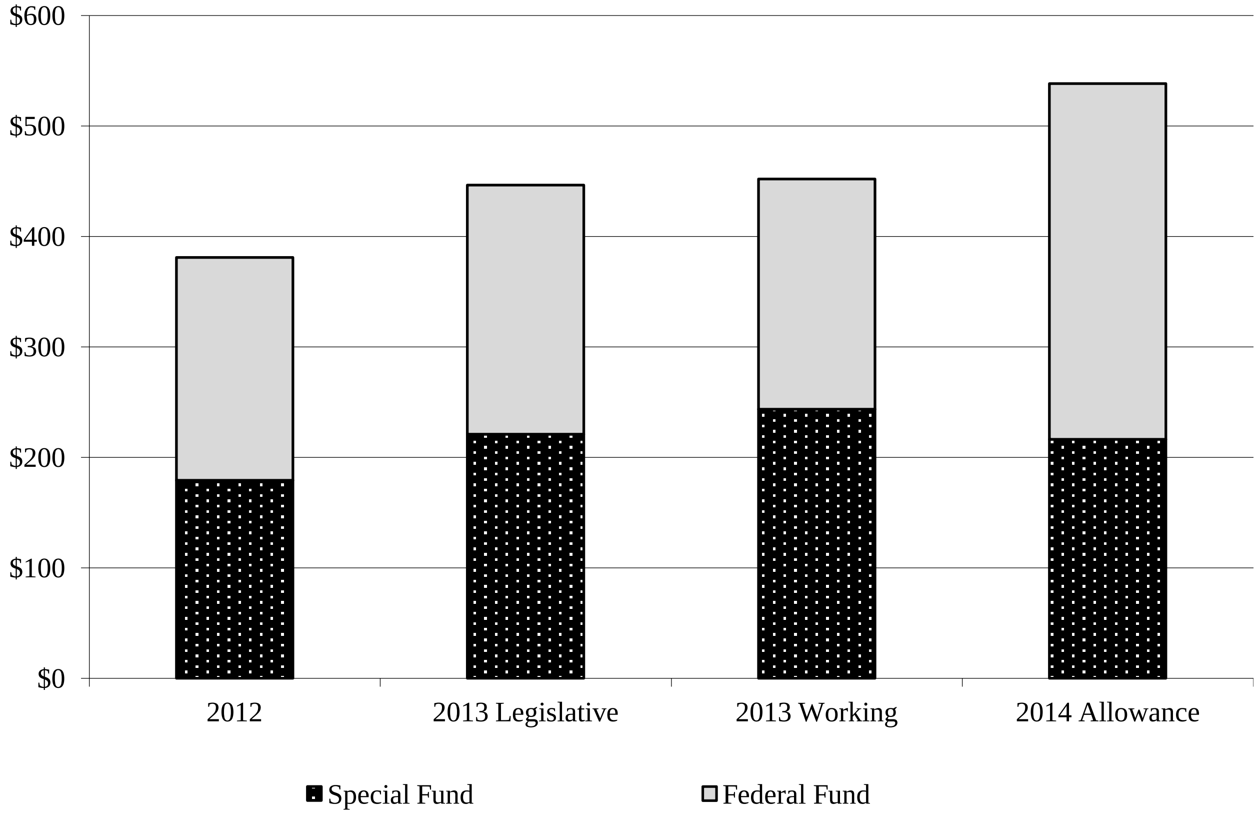
Fiscal 2013 and 2014 Cash Flow Analysis

Exhibit 9 shows the cash flow changes in funding from fiscal 2012 to 2014. The change from the legislative to the working appropriation is minimal and entirely related to cash flow changes in a number of projects. The change from fiscal 2013 to 2014 totals $86.4 million with a $27.1 million decrease in special fund spending due to the New Starts projects. This decrease in spending is offset by an increase in federal spending totaling $113.5 million for the following reasons:

- $33.5 million for new MARC coaches;

- $27.2 million for the Kirk Bus Division from a discretionary federal grant;

Exhibit 9
Cash Flow Changes
Fiscal 2012-2014
($ in Millions)



Source: Maryland Department of Transportation, 2013-2018 *Consolidated Transportation Program*

- $16.4 million for Bus Main Shop improvements;
- $13.0 million for Homeland Security grants;
- $11.5 million for light rail overhauls; and
- $6.2 million for MARC positive train control.

Exhibit 10 shows the major projects funded in fiscal 2014. The projects listed total $359.8 million and represent 98% of the funding in that category. **DLS recommends that MTA discuss if the federal funds used for locally operated transit systems take funding away from State projects.**

Exhibit 10
Major Construction Projects
Funded in Fiscal 2014
($ in Thousands)

Project	2014 $	Total $	Completion of Fiscal Year Cash Flow
Maryland Area Regional Commuter (MARC) Maintenance, Layover, and Storage Facilities – funding for the acquisition and planning of a midday storage and maintenance facility	$18,390	$51,616	2015
MARC Improvements on Camden, Brunswick, and Penn Lines – ongoing program of improvements on MARC lines	23,329	223,411	2018
MARC Coaches – overhauls and replacement	82,121	218,729	2018
MARC Locomotive Overhaul – conduct mid-life overhaul of electric locomotives	2,000	107,861	2018
MARC Positive Train Control	9,591	14,059	2015
MARC West Baltimore Station Parking Expansion	3,500	13,296	2015
Homeland Security	19,568	65,985	2016
Light Rail Vehicle Mid-life Overhaul	18,255	202,977	2018
Metro Railcar Overhaul	4,235	42,942	2018
Kirk Bus Facility Replacement – construct replacement for the existing Kirk Bus Division	35,000	64,546	2015
Bus Procurement – purchase 40-foot buses to be used in an annual replacement program of buses in service of 12 or more years	35,000	296,020	2018
Bus Communications Systems Upgrade – retrofit of MTA bus with onboard equipment	9,900	33,855	2016
Bus New Main Shop – design and construct a new bus maintenance shop	20,500	33,433	2018

Project	2014 $	Total $	Completion of Fiscal Year Cash Flow
Mobility Vehicle Procurement	6,912	60,553	2014
Replacement of Fare Collection Equipment and Implement SmartCard	3,864	78,658	2018
Southern Maryland Commuter Bus Initiative – several park and ride lots in Southern Maryland	17,386	39,519	2014
Locally Operated Transit Systems Capital Procurement Projects (Local Jurisdictions) – the Maryland Transit Administration provides funding to local jurisdictions in rural and small urban areas for transit vehicles, equipment, and facilities	22,176	264,533	2018
Capital Program Assistance to Private Nonprofit agencies for the Transportation of the Elderly and Persons with Disabilities	3,617	43,589	2018
Montgomery Local Bus Replacement Program	11,000	65,790	2018
Agencywide Roof Replacement	3,800	28,558	2018
Takoma/Langley Park Transit Center	5,000	30,970	2016
Central Maryland Transit Maintenance Facility	4,676	8,833	2014
Total	**$359,820**	**$1,989,733**	

Source: Maryland Department of Transportation, 2013-2018 *Consolidated Transportation Program*

Issues

1. Recent Action on Fare Policy

Background

MTA fares were last increased in fiscal 2004. Since that time, MTA's eligible expenses for farebox recovery increased from $200.3 million in fiscal 2004 to $310.0 million in fiscal 2012, an increase of 54.7%, while passenger revenue has increased slightly from $78.3 million to $84.3 million in fiscal 2012, an increase of 7.7%. As a result of passenger revenues growing slower than expenditure growth, the farebox recovery ratio declined from 40.0% in fiscal 2004 to 28.0% in fiscal 2012.

Revenue growth has not kept pace because fares have not been increased and ridership, while growing, has not increased as quickly as expenditures. For example, MTA indicates that there would need to be approximately a 4 to 6% annual increase in ridership just to keep farebox recovery at the current level of 29%. However, MTA is projecting 3% growth in 2013 and 2014, ensuring further noncompliance with State law. MTA also indicates that it would need an additional $8 million to $10 million annually in capital spending.

In a report to the budget committees, MTA indicated that to meet the 35% farebox recovery rate, the fare for Baltimore area services would need to increase from the current $1.60 to $2.25 in fiscal 2014. Additional revenue to the Transportation Trust Fund would increase by $30.6 million in fiscal 2014 and increase to $37.5 million in fiscal 2015. The fare would then need to increase to $2.50 in fiscal 2016 to maintain the cost recovery rate. If there were no fare increase, expenditures would need to be reduced by approximately $83.0 million in fiscal 2014.

Recent Legislative Activity

Chapter 397 of 2011 – the Budget Reconciliation and Financing Act (BRFA) of 2011 – added language to require MTA to increase fares, and not eliminate service, to meet the farebox recovery requirement. MTA did not implement a fare increase as required in the law and continues to be below the statutory farebox recovery requirement.

During the 2012 session, the budget conference adopted a provision in the BRFA (SB 152 of 2012) that would have required MTA fares to increase every three years based upon the change in inflation to the nearest dime. This provision would have resulted in periodic fare increases consistent with the fare policy of the Washington Metropolitan Metro. The provision would not have resulted in MTA meeting the farebox recovery requirement but would have allowed for periodic fare increases.

If implemented, the fiscal 2013 base fare would have increased from $1.60 to $1.80 and generated an additional $10.3 million according to MTA. The next fare increase would have been in fiscal 2017 with the fare increasing from $1.80 to $2.00 and generating an additional $20.1 million.

From fiscal 2014 to 2018, it is expected that this proposal would have generated an additional $71.2 million.

Ultimately, the BRFA of 2012 did not pass during the regular session. The First Special Session of 2012 was called to address the budget-related bills that did not pass on Sine Die. The BRFA submitted by the Administration in the First Special Session of 2012 did not include the provision relating to linking fare increases to inflation. **Consistent with legislative intent, DLS recommends that a provision be added to the BRFA of 2013 that would index MTA fares to the rate of inflation every three years to the nearest dime. In addition, DLS recommends that MTA discuss what impact this fare policy may have on ridership and if the estimates provided account for this.**

2. Alternative Financing and Construction Plans for the Transit Lines

The State has been planning for the construction of the Red and Purple lines and the Corridor Cities Transitway (CCT). It is expected that the Red Line will cost $2.5 billion to construct, the Purple Line $2.2 billion, and the CCT may cost in the range of $800 million for illustrative purposes. During the planning process, MTA has been working with the Federal Transit Administration (FTA) in order to apply for the federal New Starts program. The New Starts program is a federal general fund program that provides grants to large transit projects. The funding is provided on a competitive basis, and the level of funding varies by project.

As part of its efforts to secure federal funding, MTA has submitted documents to FTA for review, including financial plans to demonstrate that the State could construct all three lines. In its financial plans to FTA, MTA indicated that it would construct all three lines simultaneously and assumed a roughly 50% match from the federal government. Under this plan, the peak special fund cash flow for all three projects to be constructed simultaneously is $820 million in fiscal 2017. This is not to say that $820 million in additional revenue will need to be raised annually, but that $820 million in cash, that is not currently available, will need to be provided for the construction of the transit lines in the peak years.

The fiscal 2013-2018 *Consolidated Transportation Program* does not have any funding for the transit lines after fiscal 2014. For the project to move into the next phase of the New Starts funding, the State must demonstrate its ability to pay for the transit lines. MTA and MDOT have indicated that without a revenue increase in the 2013 session, planning for the transit lines will cease.

Alternative MTA Scenario

One of the major issues with constructing the transit lines simultaneously is the cash flow needs in fiscal 2017 and 2018. Due to those cash flow needs, it is likely that a large portion of any additional revenue from a revenue increase would need to be dedicated to the transit lines. Furthermore, MTA has assumed a 50% federal contribution to the project, but if the State does not receive this amount of federal aid, then the State cash contribution increases.

Due to these concerns, MTA and MDOT have developed an alternative financing plan that staggers the construction of the Red and Purple lines. There are two different scenarios with each scenario starting with a different line. The scenarios can be found in **Appendix 6**. Under the first scenario, construction on one of the transit lines would begin in fiscal 2015, and the second line would start construction in fiscal 2017. The second scenario has one of the transit lines starting construction in fiscal 2015 and the second starting in fiscal 2018.

The key assumptions with each plan are:

- federal aid is capped at $100 million annually up to $900 million (less than the amount assumed under the plan submitted to FTA);
- the State raises $800 million in new revenue and contributes $275 million annually for approximately 10 years for the transit lines;
- a local cash contribution ranging from $140 million to $264 million is required under the scenario when construction begins in fiscal 2015 and 2017;
- a cash balance is built up in the beginning years to be drawn down later when expenditures are greater than $275 million:
- once the cash balance is drawn down, short-term bonds are issued to meet the cash flow obligations; and
- the short-term debt is repaid within the 10-year time period as excess cash becomes available as the cash flow for the projects is reduced.

Issues with the Alternative Plan

There are several issues to consider with the proposed alternative financial plan.

- **State Contribution:** Under the alternative plan, the State would raise $800 million in new revenue annually. Of that amount, the State contribution for the transit lines is assumed to be $275 million. It is not clear that $800 million in new revenue can be raised. Furthermore, if a portion of the $800 million is distributed to local jurisdictions, this reduces the amount of revenue that can be used for the State debt calculation. Even if just $275 million is raised for the transit lines, the short-term debt part of the plan will not work. This will be discussed more fully later.
- **Local Contribution:** Under the scenario where there is a two-year delay in construction, a local contribution of $20 million to $33 million annually for seven to eight years is required to help meet the cash flow needs. It is not clear that the local jurisdictions will be willing to contribute this revenue to the projects.

- **Reliance on Building Up Funding Balances:** For the financial plan to work, it is assumed that in the early years funding will be set aside when not as much spending will occur. In later fiscal years, this cash balance will be drawn down to support the cash flow needs of the transit lines. While this plan makes prudent financial sense, it is not how MDOT has typically operated. Under some of the scenarios, MDOT could have cash balances in excess of $800 million. If MDOT does not show the discipline to set the funding aside, the financial plan will not work. It should also be noted that setting funding aside is intended to help ease the cash flow needs in later fiscal years; however, some of the alternatives presented have a higher peak cash flow than the current $820 million.

- **Federal Aid Assumptions:** Under the alternative financial plan, the level of federal aid is reduced from the 50% assumption to around 36%. This was done to show that even under a lower level of federal aid, $275 million in State revenue is sufficient. If FTA agrees to provide a higher level of matching funds, the amount of the State contribution would decrease.

- **Short-term Debt Issuances:** The financial plan relies on short-term debt issuances to meet the cash flow needs of the project. To show that the financial plan is affordable within a 10-year timeframe, the department elected to use short-term debt that could be as high as $733 million depending on the scenario. Since it is short-term debt, the amount of debt service in a given fiscal year is quite high. The State's ability to issue debt is currently constrained by the 8% debt service to revenues ratio. An initial evaluation showed that the debt service payments may result in the State breaching the limit in fiscal 2022. The department could reduce or alter the debt service payment to make the financial plan feasible and meet debt affordability limits.

  It should also be noted that the department would use all of the additional debt capacity associated with the new revenue for the short-term debt issuances to construct the transit lines.

- **Ongoing Operating Costs:** The alternative financial plan focuses on constructing the transit lines; however, the ongoing operating cost of the transit lines is expensive. For example, it is estimated that the operating cost of the Red Line will be $53 million and the Purple Line will be $69 million. Presumably this cost will be funded out of the revenue increase and somewhat offset by the revenues generated from the project.

- **Corridor Cities Transitway:** The Corridor Cities Transitway is not considered as part of the alternative financial plan.

DLS recommends that MTA discuss the following regarding its alternative financial plan for the transit lines:

- **how FTA may react to the proposed financial plan since it involves delaying construction on at least one transit line and does not account for the CCT;**

- **if the proposed change to the financial plan this late in the process would jeopardize federal funding for the project;**
- **why it elected to use short-term debt instead of the more traditional 15-year maturity;**
- **what effect federal sequestration will have on the availability of New Starts funding;**
- **how it will select which project to move forward with first and which scenario; and**
- **if it intends to introduce legislation that will raise $800 million in new revenue, with no additional funding for local jurisdictions, and include one of the financing plans discussed above.**

3. Change in MARC Operations

After several years of trying, MTA completed the procurement of the third party contract for MARC service in fall 2012 on the Brunswick and Camden Line. Bombardier was selected as the winning bidder with the contract having a term of five years and eight months and a value of $205 million. Bombardier will be responsible for both operating the MARC service as well as maintaining the locomotives and rail cars for the service. MTA will still be required to pay an access fee to CSX for the right to use the rail lines.

Currently, CSX and Bombardier are in a "mobilization" phase, or transition phase. The two main components of this are employee transfers and developing policies and procedures for safety with the federal government. Bombardier is in negotiations with current union employees that work on the CSX portion of MARC to determine whether or not they want to transfer over to Bombardier or stay with CSX. The other phase relates to Bombardier working with the Federal Railroad Administration to make them comfortable with Bombardier operating the MARC service.

Current estimates indicate that the transition to Bombardier should be complete by June 1, 2013. The current service contract with CSX ends July 1, 2013; therefore, there is an overlap if the process of handing over operations needs to be extended. As part of the agreement with CSX, MTA will continue to lease CSX property for the storage and maintenance of MARC locomotives and cars. There is also an opportunity for MTA to purchase the property outright from CSX. **DLS recommends that MTA discuss with the budget committees what differences customers may or may not notice with the transition. MTA should also further discuss the cost and opportunity to purchase property for a storage and maintenance facility.**

Operating Budget Recommended Actions

1. Add the following language:

   Provided that $152,624 and 2 regular positions (Executive Project Director, New Starts) in the fiscal 2014 allowance of the Maryland Transit Administration shall be abolished contingent upon the failure of legislation that increases transportation revenues to support the construction of the Red or Purple lines.

   Explanation: The fiscal 2014 allowance includes funding for 2 positions related to the construction of the New Starts projects, otherwise known as the Red and Purple lines. There is no funding for the construction of the transit lines, and the Maryland Department of Transportation indicates that it will not move forward with funding for the transit lines in fiscal 2014 if a revenue increase is not provided for in the 2013 session. This language makes funding for the 2 positions for the transit lines contingent upon legislation since the positions are not needed unless legislation is enacted to increase transportation revenues.

		Amount Reduction	
2.	Reduce office assistance. This action provides funding equal to the fiscal 2013 working appropriation.	$ 215,786	SF
3.	Reduce additional assistance. This action reduces additional assistance for operators as they transition from training to operators. This action funds additional assistance at the fiscal 2013 level.	2,946,533	SF
4.	Reduce education and training contracts. This reduction still provides for a $309,000 increase over the fiscal 2013 working appropriation.	309,000	SF
5.	Reduce management studies and consultants. This reduction provides for a $210,000 increase over the fiscal 2013 working appropriation where no funding was provided.	210,000	SF
	Total Special Fund Reductions	**$ 3,681,319**	

PAYGO Budget Recommended Actions

1. Concur with Governor's allowance.

Updates

1. Alternative Financing Options for the Transit Lines

The 2012 *Joint Chairmen's Report* requested MTA discuss alternative financing options for the transit lines. The options discussed in the report were similar to those included in a DLS report prepared over the interim. Following is a summary of the options discussed.

Public-private Partnerships (P3) Utilizing Availability Payments: P3s are long-term agreements in which the public sector assigns to a private-sector company the right to design, build, finance, operate, and/or maintain an infrastructure asset for a defined period per some type of financial arrangement. Although the private sector may finance the project up front, it receives a return on its investment through project revenues or payments from the public sector over the life of the contract. These payments may take the form of availability payments. Availability payments provide compensation to the private sector on a periodic basis *(e.g.,* quarterly or annually) based on the project being available for use and performance standards being met as per the contract. An availability payment can be structured to cover just the capital costs of a project, or both the capital and ongoing operating cost, depending on the contract. In a report to the budget committees, MDOT indicated that this is a financing tool as opposed to new revenue.

Transportation Infrastructure Finance and Innovation Act: The federal Transportation Infrastructure Finance and Innovation Act (TIFIA) program provides credit assistance at below market rates through direct loans, loan guarantees, and lines of credit. The TIFIA program targets large projects, generally in excess of $50 million. To date, 27 projects nationwide have been partially funded with TIFIA credit assistance, including 4 intermodal projects, 18 highway projects, and 5 transit projects. In Maryland, construction of the InterCounty Connector was partially funded with a TIFIA loan. Similar to P3s, additional revenue will be required to repay the TIFIA loan.

Value Capture: Value capture generally refers to the concept of using the increase in land value due to construction of a transit project to pay for the construction of that project. Many mechanisms can be used to capture the increase in land value, including special taxing districts, developer fees, joint development, and tax increment financing. The revenue from these different mechanisms is then used to pay the debt service on bonds used to construct a project. MDOT indicated that this could be viewed as a local contribution toward constructing the transit lines.

Local Option Revenues: In Maryland, common sources of local revenue for transportation purposes include property taxes and general funds. However, local governments throughout the United States are using a variety of approaches to fund transportation. These local option revenues can also be used to support a regional transit authority. Revenue options include:

- traditional taxes and fees, such as the local option sales tax, vehicle registration fees, advertising revenues, and motor fuel taxes;

- less common business activity, and related sources such as income, payroll, employer, hotel/lodging, real estate transfer, and mortgage recording taxes, and car rental fees; and

- revenue streams from projects, such as transit-oriented development, land value capture, impact fees, and special assessment districts.

Appendix 1

Current and Prior Year Budgets

Current and Prior Year Budgets
Maryland Transit Administration
($ in Thousands)

	General Fund	Special Fund	Federal Fund	Reimb. Fund	Total
Fiscal 2012					
Legislative Appropriation	$0	$591,242	$59,735	$0	$650,977
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	0	360	2,696	0	3,056
Reversions and Cancellations	0	-7,238	0	0	-7,238
Actual Expenditures	**$0**	**$584,364**	**$62,431**	**$0**	**$646,795**
Fiscal 2013					
Legislative Appropriation	$0	$601,161	$56,735	$0	$657,895
Budget Amendments	0	5,509	82	0	5,591
Working Appropriation	**$0**	**$606,670**	**$56,817**	**$0**	**$663,486**

Note: Numbers may not sum to total due to rounding.

Fiscal 2012

Fiscal 2012 actual expenditures total $646.8 million, a decrease of $4.2 million from the legislative appropriation. Special fund budget amendments resulted in a net increase of $0.4 million. Special fund spending increased $17.6 million for the following reasons: $15.7 million for a variety of items in bus operations, including fuel due to price fluctuations and increases in the mobility contract (totaling $10.7 million due to ridership increases and temporary one-year contract extensions); $1.5 million in Washington Commuter Bus Service; and $0.4 million to fund the $750 one-time employee bonus. Special fund budget amendments reduce spending by $17.2 million due to savings from the MARC third party contract that was delayed due to a protracted procurement.

Special fund cancellations total $7.2 million for salaries and fringe benefits due to vacancies.

Federal fund budget amendments total $2.7 million with funds transferred from the capital budget to the operating budget to support transit operations in local jurisdictions and additional funding for the K9 teams.

Fiscal 2013

The fiscal 2013 appropriation increases $0.6 million to fund the cost-of-living adjustment for State employees. In addition, there is an additional $5.0 million in additional funding for a grant to Montgomery County for a bus grant.

Object/Fund Difference Report
MDOT – Maryland Transit Administration

Object/Fund	FY 12 Actual	FY 13 Working Appropriation	FY 14 Allowance	FY 13 - FY 14 Amount Change	Percent Change
Positions					
01 Regular	2,994.50	2,989.50	2,989.50	0.00	0%
02 Contractual	15.00	16.00	16.00	0.00	0%
Total Positions	**3,009.50**	**3,005.50**	**3,005.50**	**0.00**	**0%**
Objects					
01 Salaries and Wages	$ 286,516,210	$ 297,183,694	$ 299,649,591	$ 2,465,897	0.8%
02 Technical and Spec. Fees	505,858	743,260	1,185,875	442,615	59.6%
03 Communication	1,361,294	1,133,012	1,177,418	44,406	3.9%
04 Travel	434,879	111,055	135,778	24,723	22.3%
06 Fuel and Utilities	13,354,616	11,093,364	13,940,268	2,846,904	25.7%
07 Motor Vehicles	71,450,817	57,239,120	70,785,226	13,546,106	23.7%
08 Contractual Services	202,110,172	219,193,455	215,340,953	-3,852,502	-1.8%
09 Supplies and Materials	7,735,781	7,599,487	6,123,840	-1,475,647	-19.4%
10 Equipment – Replacement	158,505	52,756	52,756	0	0%
11 Equipment – Additional	296,373	41,059	41,059	0	0%
12 Grants, Subsidies, and Contributions	56,070,864	61,999,542	61,999,542	0	0%
13 Fixed Charges	6,795,156	7,096,573	7,752,033	655,460	9.2%
14 Land and Structures	4,520	0	0	0	0.0%
Total Objects	**$ 646,795,045**	**$ 663,486,377**	**$ 678,184,339**	**$ 14,697,962**	**2.2%**
Funds					
03 Special Fund	$ 584,364,418	$ 606,669,656	$ 621,449,693	$ 14,780,037	2.4%
05 Federal Fund	62,430,627	56,816,721	56,734,646	-82,075	-0.1%
Total Funds	**$ 646,795,045**	**$ 663,486,377**	**$ 678,184,339**	**$ 14,697,962**	**2.2%**

Note: The fiscal 2013 appropriation does not include deficiencies. The fiscal 2014 allowance does not include contingent reductions.

Fiscal Summary
MDOT – Maryland Transit Administration

Program/Unit	FY 12 Actual	FY 13 Wrk Approp	FY 14 Allowance	Change	FY 13 - FY 14 % Change
01 Transit Administration	$ 52,145,345	$ 51,525,824	$ 55,358,786	$ 3,832,962	7.4%
02 Bus Operations	309,520,943	294,801,990	307,083,175	12,281,185	4.2%
04 Rail Operations	196,986,106	224,464,288	212,962,815	-11,501,473	-5.1%
05 Facilities and Capital Equipment	378,870,617	448,406,000	527,320,000	78,914,000	17.6%
06 Statewide Programs Operations	88,142,651	92,694,275	102,779,563	10,085,288	10.9%
08 Major IT Development Projects	1,819,104	3,489,000	10,978,000	7,489,000	214.6%
Total Expenditures	**$ 1,027,484,766**	**$ 1,115,381,377**	**$ 1,216,482,339**	**$ 101,100,962**	**9.1%**
Special Fund	$ 763,440,130	$ 850,019,656	$ 837,729,693	-$ 12,289,963	-1.4%
Federal Fund	264,044,636	265,361,721	378,752,646	113,390,925	42.7%
Total Appropriations	**$ 1,027,484,766**	**$ 1,115,381,377**	**$ 1,216,482,339**	**$ 101,100,962**	**9.1%**

Note: The fiscal 2013 appropriation does not include deficiencies. The fiscal 2014 allowance does not include contingent reductions.

Appendix 4

Budget Amendments for Fiscal 2013

Maryland Department of Transportation
Maryland Transit Administration – Operating

Status	Amendment	Fund	Justification
Approved	$509,010	Special	Cost-of-living adjustment
	82,075	Federal	
	$591,085	**Total**	
Approved	5,000,000	Special	Montgomery County's eligible local bus service
Projected	10,300,000	Special	Increase funding for the Washington Commuter Bus due to shift in ticket sales
Total	**$15,891,085**		

Source: Maryland Department of Transportation

Appendix 5

Budget Amendments for Fiscal 2013

Maryland Department of Transportation
Maryland Transit Administration – Capital

Status	Amendment	Fund	Justification
Approved	$79,946	Special	Cost-of-living adjustment
Approved	5,000,000	Special	Montgomery County's eligible local bus service
Pending	17,298,985	Special	Adjusts the amended appropriation to reflect the 2013-2018 *Consolidated Transportation Program*
	-16,767,000	Federal	
	$531,985	**Total**	
Total	**$5,611,931**		

Source: Maryland Department of Transportation

Appendix 6

New Starts Cash Flow Analysis Scenario 1: Red Line Construction Start 2015; Purple Line Construction Start 2017
($ in Millions)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Total
Red Line												
Total Cost	$85	$82	$249	$758	$702	$421	$152	$18	$0	$0	$0	$2,467
Federal Aid	0	100	100	100	100	100	100	100	100	100	0	900
State $	**$85**	**-$18**	**$149**	**$658**	**$602**	**$321**	**$52**	**-$82**	**-$100**	**-$100**	**$0**	**$1,567**
Purple Line												
Total Cost	$48	$50	$51	$113	$161	$431	$595	$328	$316	$84	$3	$2,180
Federal Aid	0	0	100	100	100	100	100	100	100	100	100	900
State $	**$48**	**$50**	**-$49**	**$13**	**$61**	**$331**	**$495**	**$228**	**$216**	**-$16**	**-$97**	**$1,280**
Cash Flow Analysis												
Annual State $ Need	$133	$32	$100	$671	$663	$652	$547	$146	$116	-$116	-$97	$2,847
New Revenue	275	275	275	275	275	275	275	275	275	232	0	2,707
Local Contribution	20	20	20	20	20	20	20					140
Extra/(Deficit)	162	263	195	-376	-368	-357	-252	129	159	348	97	0
Cumulative Balance	162	425	620	244	-124	-357	-252	129	159	348	97	
Short-term Bonds					124	357	252	-129	-159	-348	-97	0

Bonds Issued	Debt Service Paid
733	-$733

New Starts Cash Flow Analysis Scenario 2: Purple Line Construction Start 2015; Red Line Construction Start 2017

($ in Millions)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Total
Red Line												
Total Cost	$28	$29	$30	$87	$264	$804	$745	$447	$162	$20	$0	$2,616
Federal Aid	0	0	100	100	100	100	100	100	100	100	100	900
State $	**$28**	**$29**	**-$70**	**-$13**	**$164**	**$704**	**$645**	**$347**	**$62**	**-$80**	**-$100**	**$1,716**
Purple Line												
Total Cost	$145	$107	$151	$406	$561	$309	$298	$80	$3	$1	$0	$2,061
Federal Aid	0	100	100	100	100	100	100	100	100	100	0	900
State $	**$145**	**$7**	**$51**	**$306**	**$461**	**$209**	**$198**	**-$20**	**-$97**	**-$99**	**$0**	**$1,161**
Cash Flow Analysis												
Annual State $ Need	$173	$36	-$19	$293	$625	$913	$843	$327	-$35	-$179	-$100	$2,877
New Revenue	275	275	275	275	275	275	275	275	275	138	0	2,613
Local Contribution	33	33	33	33	33	33	33	33				264
Extra/(Deficit)	135	272	327	15	-317	-605	-535	-19	310	317	100	0
Cumulative Balance	135	407	734	749	432	-173	-535	-19	310	317	100	
Short-term Bonds						173	535	19	-310	-317	-100	0

Bonds Issued	Debt Service Paid
727	-$727

New Starts Cash Flow Analysis Scenario 3: Red Line Construction Start 2015; Purple Line Construction Start 2018
($ in Millions)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Total
Red Line												
Total Cost	$85	$82	$249	$758	$702	$421	$152	$18	$0	$0	$0	$2,467
Federal Aid	0	100	100	100	100	100	100	100	100	100	0	900
State $	**$85**	**-$18**	**$149**	**$658**	**$602**	**$321**	**$52**	**-$82**	**-$100**	**-$100**	**$0**	**$1,567**
Purple Line												
Total Cost	$36	$37	$38	$40	$116	$166	$444	$613	$338	$325	$87	$2,240
Federal Aid	0	0	0	100	100	100	100	100	100	100	200	900
State $	**$36**	**$37**	**$38**	**-$60**	**$16**	**$66**	**$344**	**$513**	**$238**	**$225**	**-$113**	**$1,340**
Cash Flow Analysis												
Annual State $ Need	$121	$19	$187	$598	$618	$387	$396	$431	$138	$125	-$113	$2,907
New Revenue	275	275	275	275	275	275	275	275	275	275	157	2,907
Local Contribution												
Extra/(Deficit)	154	256	88	-323	-343	-112	-121	-156	137	150	270	0
Cumulative Balance	154	410	498	175	-168	-112	-121	-156	137	150	270	
Short-term Bonds					168	112	121	156	-137	-150	-270	0

Bonds Issued	Debt Service Paid
557	-$557

New Starts Cash Flow Analysis Scenario 4: Purple Line Construction Start 2015; Red Line Construction Start 2018

($ in Millions)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Total
Red Line												
Total Cost	$21	$22	$23	$24	$90	$272	$828	$767	$460	$167	$21	$2,695
Federal Aid	0	0	0	100	100	100	100	100	100	100	200	900
State $	**$21**	**$22**	**$23**	**-$76**	**-$10**	**$172**	**$728**	**$667**	**$360**	**$67**	**-$179**	**$1,795**
Purple Line												
Total Cost	$145	$107	$151	$406	$561	$309	$298	$80	$3	$1	$0	$2,061
Federal Aid	0	100	100	100	100	100	100	100	100	100	0	900
State $	**$145**	**$7**	**$51**	**$306**	**$461**	**$209**	**$198**	**-$20**	**-$97**	**-$99**	**$0**	**$1,161**
Cash Flow Analysis												
Annual State $ Need	$166	$29	$74	$230	$451	$381	$926	$647	$263	-$32	-$179	$2,956
New Revenue	275	275	275	275	275	275	275	275	275	275	206	2,956
Local Contribution												
Extra/(Deficit)	109	246	201	45	-176	-106	-651	-372	12	307	385	0
Cumulative Balance	109	355	556	601	425	319	-332	-372	12	307	385	
Short-term Bonds							332	372	-12	-307	-385	0

Bonds Issued	Debt Service Paid
704	-$704

Source: Maryland Department of Transportation